

---

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

---

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 27 2013**



Postlethwaite  
& Netterville

A Professional Accounting Corporation

www.pncpa.com

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

## TABLE OF CONTENTS

	<b>Page</b>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 2
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 14
<u>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	15 - 16
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule 1 Schedule of Gross Revenues/Affiliate Share Reconciliation Worksheet	17

## **Independent Auditors' Report**

To the Officers and Board of Directors  
National Kidney Foundation of Louisiana, Inc.  
New Orleans, Louisiana

We have audited the accompanying statements of financial position of the National Kidney Foundation of Louisiana, Inc. (the Foundation) as of June 30, 2012 and 2011, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Kidney Foundation of Louisiana, Inc. as of June 30, 2012 and 2011, and the changes in its net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2012 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a

whole. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Postlethwaite & Nettlesville*

Metairie, Louisiana  
September 29, 2012

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2012 AND 2011**

Assets	<u>2012</u>	<u>2011</u>
<b><u>Current assets:</u></b>		
Cash and cash equivalents	\$ 89,831	\$ 85,074
Cash restricted for specific use (note 6)	167,230	177,828
Accounts receivable	37,397	5,698
Investments	354,499	352,002
Prepaid expenses	1,651	8,934
<b>Total current assets</b>	<b><u>650,608</u></b>	<b><u>629,536</u></b>
Property and equipment, at cost, less accumulated depreciation of \$42,065 and \$37,890, respectively	9,291	8,231
Other assets	1,125	1,125
<b>Total assets</b>	<b><u>\$ 661,024</u></b>	<b><u>\$ 638,892</u></b>
<b>Liabilities and Net Assets</b>		
<b><u>Current liabilities:</u></b>		
Accounts payable and other accrued expenses	\$ 44,296	\$ 20,312
<b>Total current liabilities</b>	<b><u>44,296</u></b>	<b><u>20,312</u></b>
<b>Total liabilities</b>	<b><u>44,296</u></b>	<b><u>20,312</u></b>
<b><u>Net assets:</u></b>		
Unrestricted	449,498	440,752
Temporarily restricted (note 6)	167,230	177,828
<b>Total net assets</b>	<b><u>616,728</u></b>	<b><u>618,580</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 661,024</u></b>	<b><u>\$ 638,892</u></b>

The accompanying notes are an integral part of these statements.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED JUNE 30, 2012 AND 2011**

	Year ended June 30, 2012			Year ended June 30, 2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenues</b>						
Support from the public						
Received directly—contributions	\$ 25,615	\$ 83,742	\$ 107,357	\$ 71,457	\$ 84,577	\$ 156,034
Received indirectly						
United & Federal Funds	142	-	142	620	-	620
Combined federal campaign	8,525	-	8,525	5,010	-	5,010
Special events fund raisers						
Revenues	749,886	-	749,886	757,201	-	757,201
Less direct benefit costs	(317,007)	-	(317,007)	(308,376)	-	(308,376)
Net support from special events fund raisers	432,879	-	432,879	448,825	-	448,825
Total support from the public	465,161	83,742	548,903	525,912	84,577	610,489
Other revenue						
Membership dues	3,350	-	3,350	5,712	-	5,712
Investment income, including net realized gain on sales of securities	3,124	-	3,124	8,724	-	8,724
Other income	4,573	-	4,573	393	-	393
Total other revenue	11,047	-	11,047	14,829	-	14,829
Net assets released from restrictions	94,340	(94,340)	-	44,373	(44,373)	-
<b>Total revenues, gains and other support</b>	<b>570,548</b>	<b>(10,598)</b>	<b>559,950</b>	<b>585,114</b>	<b>40,204</b>	<b>625,318</b>
<b>Expenses</b>						
Program services						
Research	26,840	-	26,840	35,754	-	35,754
Public education	157,969	-	157,969	143,303	-	143,303
Professional education	36,036	-	36,036	65,279	-	65,279
Patient services	142,849	-	142,849	151,238	-	151,238
Community services	76,511	-	76,511	99,414	-	99,414
Total program services	440,215	-	440,215	494,988	-	494,988
Supporting services						
Fund-raising	87,992	-	87,992	64,461	-	64,461
Management and general	33,595	-	33,595	41,373	-	41,373
Total supporting services	121,587	-	121,587	105,834	-	105,834
<b>Total expenses</b>	<b>561,802</b>	<b>-</b>	<b>561,802</b>	<b>600,822</b>	<b>-</b>	<b>600,822</b>
Change in net assets	8,746	(10,598)	(1,852)	(15,708)	40,204	24,496
Net assets at beginning of year	440,752	177,828	618,580	456,460	137,624	594,084
<b>Net assets at end of year</b>	<b>\$ 449,498</b>	<b>\$ 167,230</b>	<b>\$ 616,728</b>	<b>\$ 440,752</b>	<b>\$ 177,828</b>	<b>\$ 618,580</b>

The accompanying notes are an integral part of these statements.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ (1,852)	\$ 24,496
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	4,175	3,320
Changes in operating assets and liabilities		
Account receivable	(31,699)	63,914
Prepaid expenses	7,283	6,199
Accounts payable and accrued expenses	23,984	(4,230)
Net cash provided by operating activities	<u>1,891</u>	<u>93,699</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of investments	(2,497)	(4,558)
Purchase of property and equipment	(5,235)	(7,342)
Net cash provided by investing activities	<u>(7,732)</u>	<u>(11,900)</u>
<b><u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u></b>	(5,841)	81,799
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<u>262,902</u>	<u>181,103</u>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<u>\$ 257,061</u>	<u>\$ 262,902</u>
<b><u>RECONCILIATION TO THE STATEMENTS OF FINANCIAL POSITION</u></b>		
Cash and cash equivalents	\$ 89,831	\$ 85,074
Cash restricted for specific use	167,230	177,828
	<u>\$ 257,061</u>	<u>\$ 262,902</u>

The accompanying notes are an integral part of these statements

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEARS ENDED JUNE 30, 2012**

	Program Services					Supporting Services			Total	
	Research	Public Health Education	Professional Education	Patient Services	Community Services	Total Program Services	Fundraising	Management and General		Total Supporting Services
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,669	\$ -	\$ 1,669	\$ 1,669
Awards and grants	10,924	164	50	1,152	109	12,399	64	48	112	12,511
Building occupancy	1,441	14,412	1,441	14,412	1,441	33,147	1,441	1,441	2,882	36,029
Depreciation	146	1,123	347	1,042	750	3,408	440	327	767	4,175
Direct assistance to patients	-	-	-	15,914	-	15,914	-	-	-	15,914
Employee benefits	1,314	10,144	3,129	9,414	6,780	30,781	3,970	2,957	6,936	37,717
Entertainment/banquet/luncheon	-	-	-	-	-	-	7,781	-	7,781	7,781
Event rental expense	-	-	-	-	-	-	111,051	-	111,051	111,051
Insurance	238	2,380	238	2,380	238	5,474	238	238	476	5,950
Meetings and travel	47	392	98	372	198	1,107	3,174	91	3,267	6,374
Miscellaneous	-	1,188	364	1,574	1,746	4,872	3,562	427	3,989	8,861
Office supplies and services	500	30,802	363	3,438	3,480	38,583	131,538	162	131,900	170,483
Payroll taxes	558	4,308	1,329	1,998	2,880	11,073	1,690	1,256	2,946	16,019
Postage and shipping	239	2,389	239	2,389	239	5,495	239	239	478	5,973
Printing and publications	38	2,528	38	384	38	3,026	6,313	38	6,351	9,377
Prizes/give-aways	-	-	-	-	-	-	-	-	-	-
Professional education	-	-	1,320	4,547	-	5,867	-	-	-	5,867
Professional fees	674	5,204	1,605	4,830	3,478	15,791	40,646	1,517	42,161	57,954
Revenue share payment to National	2,544	19,638	6,058	18,225	13,126	59,591	7,704	5,725	13,429	73,020
Salaries	8,133	62,769	19,163	58,251	41,954	190,470	60,294	18,298	78,592	269,062
Lobbying	-	-	-	-	-	-	-	-	-	-
Service provider	-	-	-	-	-	-	-	-	-	-
Taxes and licenses	-	-	-	-	-	-	21,081	-	21,081	21,081
Telephone	54	538	54	527	54	1,217	95	629	724	1,941
<b>Total expenses</b>	<b>26,850</b>	<b>157,969</b>	<b>36,036</b>	<b>142,849</b>	<b>76,511</b>	<b>440,215</b>	<b>404,999</b>	<b>31,595</b>	<b>438,594</b>	<b>878,809</b>
Less: expenses netted with revenues on the statement of activities										
Direct benefit cost of special events							(317,007)		(317,007)	(317,007)
<b>Total expenses reported by function</b>	<b>\$ 26,850</b>	<b>\$ 157,969</b>	<b>\$ 36,036</b>	<b>\$ 142,849</b>	<b>\$ 76,511</b>	<b>\$ 440,215</b>	<b>\$ 87,992</b>	<b>\$ 31,595</b>	<b>\$ 121,587</b>	<b>\$ 561,802</b>
2011 percentage after deducting directing expenses	4.78%	28.12%	6.41%	25.43%	13.62%	78.36%	15.66%	5.98%	21.64%	100.00%

The accompanying notes are an integral part of these statements

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2011**

	<u>Program Services</u>					<u>Supporting Services</u>			<u>Total</u>	
	<u>Research</u>	<u>Public Health Education</u>	<u>Professional Education</u>	<u>Patient Services</u>	<u>Community Services</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>		<u>Total Supporting Services</u>
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,196	\$ -	\$ 4,196	\$ 4,196
Awards and grants	10,296	461	144	457	336	11,694	111	107	213	11,907
Building occupancy	1,399	16,394	1,399	13,994	1,399	34,585	1,399	1,399	2,798	37,383
Depreciation	131	911	285	904	664	2,896	220	204	424	3,320
Direct assistance to patients	-	-	-	15,698	-	15,698	698	-	698	16,396
Employee benefits	1,749	12,153	3,806	12,061	8,869	38,638	2,934	2,701	5,635	44,273
Entertainment/banquet/luncheon	-	-	-	-	-	-	21,481	-	21,481	21,481
Event rental expense	-	-	-	-	-	-	81,837	-	81,837	81,837
Insurance	195	1,954	195	1,954	195	4,493	195	195	390	4,883
Meetings and travel	41	327	72	425	150	915	1,717	55	1,772	2,687
Miscellaneous	-	1,419	413	1,921	1,638	5,391	3,034	2,592	5,626	11,017
Office supplies and services	668	9,930	501	4,718	7,744	23,561	133,663	489	134,152	157,713
Payroll taxes	651	4,526	1,417	4,492	3,303	14,389	2,824	1,204	4,028	18,417
Postage and shipping	90	898	90	898	90	2,066	90	90	180	2,246
Printing and publications	89	887	89	887	89	2,041	4,526	89	4,615	6,656
Prizes/give-aways	-	-	-	-	-	-	3,427	-	3,427	3,427
Professional education	-	2,316	1,528	-	-	3,844	-	-	-	3,844
Professional fees	585	4,064	1,272	4,033	2,966	12,920	22,348	903	23,251	36,171
Revenue share payment to National	9,155	12,079	10,844	14,919	17,917	84,914	6,802	14,240	21,042	105,956
Salaries	9,939	69,049	21,622	68,526	50,397	219,528	59,760	15,344	75,104	294,632
Lobbying	711	4,911	1,517	4,904	3,606	15,709	1,193	1,098	2,291	18,000
Service provider	-	-	-	-	-	-	10,368	-	10,368	10,368
Taxes and licenses	-	-	-	-	-	-	9,574	-	9,574	9,574
Telephone	55	994	55	547	55	1,706	445	668	1,113	2,819
<b>Total expenses</b>	<b><u>35,754</u></b>	<b><u>143,303</u></b>	<b><u>65,279</u></b>	<b><u>151,238</u></b>	<b><u>99,414</u></b>	<b><u>494,988</u></b>	<b><u>372,837</u></b>	<b><u>41,373</u></b>	<b><u>414,210</u></b>	<b><u>909,198</u></b>
Less: expenses netted with revenues on the statement of activities										
Direct benefit cost of special events	-	-	-	-	-	-	(308,376)	-	(308,376)	(308,376)
<b>Total expenses reported by function</b>	<b><u>\$ 35,754</u></b>	<b><u>\$ 143,303</u></b>	<b><u>\$ 65,279</u></b>	<b><u>\$ 151,238</u></b>	<b><u>\$ 99,414</u></b>	<b><u>\$ 494,988</u></b>	<b><u>\$ 64,461</u></b>	<b><u>\$ 41,373</u></b>	<b><u>\$ 105,834</u></b>	<b><u>\$ 600,822</u></b>
2011 percentage after deducting directing expenses	<u>5.95%</u>	<u>23.85%</u>	<u>10.86%</u>	<u>25.17%</u>	<u>16.55%</u>	<u>82.39%</u>	<u>10.73%</u>	<u>6.89%</u>	<u>17.61%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these statements

# NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

## Notes to Financial Statements

June 30, 2012

### 1. Summary of Significant Accounting Policies

#### History and Organization

The National Kidney Foundation of Louisiana, Inc. (the Foundation) is a non-profit, non-stock corporation organized to provide effective treatment for and to aid in the research of kidney disease. The Foundation provides professional education, public education, community and patient services, and research to improve the care and treatment of those afflicted with diseases of the kidney. This qualifies the Foundation as a voluntary health and welfare organization for purposes of financial statement presentation. The Foundation is supported primarily through donor contributions and special event revenues.

#### Financial Statement Presentation

For financial statement purposes, the Foundation recognizes revenues and records expenses on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. In-kind contributions are recognized at the fair market value when received.

#### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Contributions that are restricted by the donor are reported as increases of unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on historical experience and management's analysis of specific promises made.

#### Contributed Services

During the years ended June 30, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

# NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

## Notes to Financial Statements

June 30, 2012

### I. Summary of Significant Accounting Policies (continued)

#### Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated over their estimated useful lives, using the straight-line method. Expenditures for maintenance, repairs and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized.

#### Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the composition of its public support, the Foundation qualifies for non-private foundation status under Section (509)(a)(2) of the Internal Revenue Code; therefore, the Foundation's tax-exempt status extends to its net investment income. The Foundation is subject to tax on its unrelated taxable income associated with its Bingo fundraising activities. During the years ended June 30, 2012 and 2011, the Foundation incurred taxable income relating to these activities. Included in expenses is tax expense of \$20,981 and \$8,540 for the years ended June 30, 2012 and 2011, respectively.

Accounting Standards Codification, "Accounting for Uncertainty in Income Taxes", clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. It also clarifies the application of accounting for income taxes by defining a criterion that an individual tax position must meet for any part of the benefit of that position to be recognized in an entity's financial statements. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The Foundation has no uncertain tax positions. The Foundation tax returns for the years ended June 30, 2011, 2010 and 2009 remain open and subject to examination by taxing authorities. Tax returns for the year ended June 30, 2012 have not been filed yet.

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**Notes to Financial Statements**

**June 30, 2012**

**1. Summary of Significant Accounting Policies (continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable represent billed amounts due for services or contributions pledged. Delinquent accounts receivable are written off in the year they are determined to be uncollectible. Management considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

**Functional Expenses**

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly attributable to a specific program are allocated to programs based on the hours spent by the Foundation's employees on each program.

**Advertising**

The Foundation recognizes advertising expenses as they are incurred. During the years ended June 30, 2012 and 2011, advertising expenses reported in the statements of activities were \$1,669 and \$4,196, respectively.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Amounts for year end June 30, 2011 have been reclassified to conform to reporting classifications done for year end June 30, 2012.

NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.

Notes to Financial Statements

June 30, 2012

2. Concentration of Credit Risk

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation maintained certificates of deposit in a financial institution with balance that exceed the FDIC coverage by \$9,780 for the year ended June 30, 2012. In addition, the Foundation maintains money market at two investment brokers who are members of the Securities Investor Protection Corporation (SIPC). The Foundation has full SIPC coverage for the year ended June 30, 2012.

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of accounts receivable. Substantially all of the Foundation's receivables are due from individuals and corporations located in the state of Louisiana. It is the Foundation's policy not to require collateral on their accounts receivable.

3. Investments

Investments consist of the following valued at cost, which approximates market at June 30, 2012 and 2011

	2012	2011
Money market funds	\$ 94,345	\$ 94,345
Certificates of deposit	259,349	257,158
Common stock	805	499
	<u>\$ 354,499</u>	<u>\$ 352,002</u>

Investment income consists of the following

	2012	2011
Interest	\$ 2,519	\$ 8,238
Dividends	16	20
Royalties	589	466
	<u>\$ 3,124</u>	<u>\$ 8,724</u>

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**Notes to Financial Statements**

**June 30, 2012**

**4. Retirement Plan**

The Foundation sponsors a 403(b) employee benefit plan covering substantially all employees who meet minimum age requirements. Contributions to the plan for the years ending June 30, 2012 and 2011 were \$5,883 and \$10,763, respectively

**5. Designated Net Assets**

In 1998, the Board of Directors of the Foundation designated that certain unrestricted revenues be used to create a fund to match research fellowship amounts. Annually, the Board designates 5% of adjusted unrestricted net earnings to this fund. As of June 30, 2012 and 2011, the balance in this fund totaled \$126,886 and \$118,238, respectively

**6. Restrictions on Assets**

The Foundation has funds specifically restricted for research. Donations to both the Maurice Pearl Fellowship and the Gonzalez Fellowships are restricted for research. The Foundation also has several smaller funds restricted for specific purposes and these funds are expended according to the donor guidelines.

Temporarily restricted net assets are available for the following purposes

	<u>2012</u>	<u>2011</u>
Research		
Maurice Pearl Fellowship	\$ 34,850	\$ 33,653
Gonzalez Fellowship	35,804	43,804
Other:		
KEEP Program	67,529	30,774
Walmart	-	45,000
Other	<u>29,047</u>	<u>24,597</u>
	<u>\$ 167,230</u>	<u>\$ 177,828</u>

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**Notes to Financial Statements**

**June 30, 2012**

**7. Special Events**

Revenues and expenses directly related to special events, including allocated costs, for the year ended June 30, 2012 were as follows, with comparable net amounts for the year ended June 30, 2011:

<u>Special Event</u>	<u>2012</u>			<u>2011</u>
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>	<u>Net</u>
Bingo	\$ 381,229	\$ 240,106	\$ 141,123	\$ 145,455
Gift of Life Gala	32,585	9,181	23,404	24,363
Gift of Life Walk	104,414	8,251	96,163	103,903
Golf tournaments	204,654	87,000	117,654	128,634
Car contribution	21,204	3,249	17,955	12,043
Basketball	-	750	(750)	-
<b>Total</b>	<b>\$ 744,086</b>	<b>\$ 348,537</b>	<b>\$ 395,549</b>	<b>\$ 414,398</b>

**8. Payments to Affiliated Organization**

The Foundation is an affiliate of the National Kidney Foundation. The Foundation is required to contribute share payments to the National Kidney Foundation. The share payments are reflected in functional expenses and amount to 25% of shareable revenues less allowable deductions. The Foundation incurred expenses of \$73,020 and \$105,956 during the years ended June 30, 2012 and 2011. Included in accounts payable at June 30, 2012 and 2011, is \$8,792 and \$2,996 relating to amounts due to the National office.

**9. Operating Lease**

The Foundation leases office space under an operating lease which will expire in August 2014. Rental expense was \$33,670 and \$32,568 for the years ending June 30, 2012 and 2011, respectively. Minimum future rental payments are as follows:

Year ended June 30,	
2013	\$ 34,997
2014	36,370
	<u>\$ 71,367</u>

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**

**Notes to Financial Statements**

**June 30, 2012**

**11. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 29, 2012

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Officers and Board of Directors  
National Kidney Foundation of Louisiana, Inc.  
New Orleans, Louisiana

We have audited the financial statements of National Kidney Foundation of Louisiana, Inc. (a nonprofit organization) as of and for the years ended June 30, 2012 and 2011 and have issued our report thereon dated September 29, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of National Kidney Foundation of Louisiana, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered National Kidney of Louisiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the National Kidney of Louisiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the National Kidney of Louisiana, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the paragraphs which appear below, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

As part of the audit process, we have historically assisted management in drafting the financial statements and related notes for the year-end audit procedures. During the course of our audit procedures

we proposed adjusting entries to general ledger accounts. Because our involvement is so important to the financial reporting process and due to the significance of the financial statement adjustments, this is an indication that the internal control over financial reporting of the Foundation meets the definition of a significant deficiency as defined above

We recommend that the Foundation consider additional accounting resources to assist with the financial reporting process. Management's response is to consider our recommendation, however, notes that the Foundation has limited financial resources

The Foundation's response to the findings identified in our audit is described above. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Kidney of Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

This report is intended solely for the information and use of management, the finance committee, federal, state and city awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Nottenville*

Metairie, Louisiana  
September 29, 2012

**SUPPLEMENTARY INFORMATION**

**NATIONAL KIDNEY FOUNDATION OF LOUISIANA, INC.**  
**SCHEDULE OF GROSS REVENUES/AFFILIATE SHARE RECONCILIATION WORKSHEET**  
**YEAR ENDED JUNE 30, 2012**

<b>Per Audit</b>						
Total revenues	\$	559,950				
<b>Adjust.</b>						
Add Direct benefit costs		<u>317,007</u>				
Gross revenues per audit	\$	<u>876,957</u>				
<b>Per Share Report</b>		<b>Gross Revenue</b>	<b>Allowable Deductions</b>	<b>Non-Shareable Revenue</b>	<b>Shareable Revenue</b>	<b>Share Reported</b>
July 2011	\$	39,759	\$ 3,076	\$ 19,156	\$ 17,527	\$ 4,382
August 2011		50,422	4,907	15,311	30,204	7,551
September 2011		50,700	14,028	17,167	19,505	4,876
October 2011		15,112	2,174	1,084	11,854	2,964
November 2011		65,460	2,443	30,787	32,230	8,058
December 2011		66,144	12,077	31,762	22,305	5,576
January 2012		30,942	2,181	22,572	6,189	1,547
February 2012		79,875	4,045	59,826	16,004	4,001
March 2012		40,273	3,463	14,845	21,965	5,491
April 2012		52,416	841	19,239	32,336	8,084
May 2012		64,268	17,150	10,769	36,349	9,087
June 2012		79,783	18,335	26,282	35,166	8,792
Totals per FY12 Share Reports	\$	635,154	\$ 84,720	\$ 268,800	\$ 281,634	\$ 70,409
Calculated share						<u>\$ 70,409</u>
Difference in share						<u>\$ -</u>
<b>Gross Revenues Difference.</b>						
Audit compared to share	\$	<u>241,803</u>				
<b>Reconciling Items</b>						
Timing difference-changes in A/R Investment income-year end audit adjustment	\$	31,699	\$ -	\$ 31,699	\$ -	
Bingo expenses netted on Share report		204,120	204,120	-	-	
Other differences		<u>5,984</u>	-	-	<u>5,984</u>	
Adjusted share gross income	\$	876,957	\$ 288,840	<u>\$ 300,499</u>	<u>\$ 287,618</u>	
Adjusted calculated share (25%)						<u>\$ 71,905</u>
Difference in gross revenues	\$	<u>-</u>				
Difference in calculated share amount						<u>\$ (1,496)</u>
See independent auditors' report						